



U.S. DEPARTMENT OF DEFENSE

# CATWG Update

Mary Kemp, OUSD(C) BIO  
June 11, 2015



# Overview

***Risk:*** *The Department of Defense will not achieve an audit opinion (favorable or otherwise) without an auditable **FBWT recon to the General Ledger***

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***Goal:*** *Move the DoD to daily Funds Balance with Treasury*

- Daily traceability of all outlays/collections via DCAS/GEX
- Validate daily accuracy of disbursements and collections via DCAS
- Reconcile Treasury accounts with Component accounts daily
- Reduction in reclassification entries
- Reduction in statement of differences, use of clearing accounts, or unsupported JVs



# Problem Statement

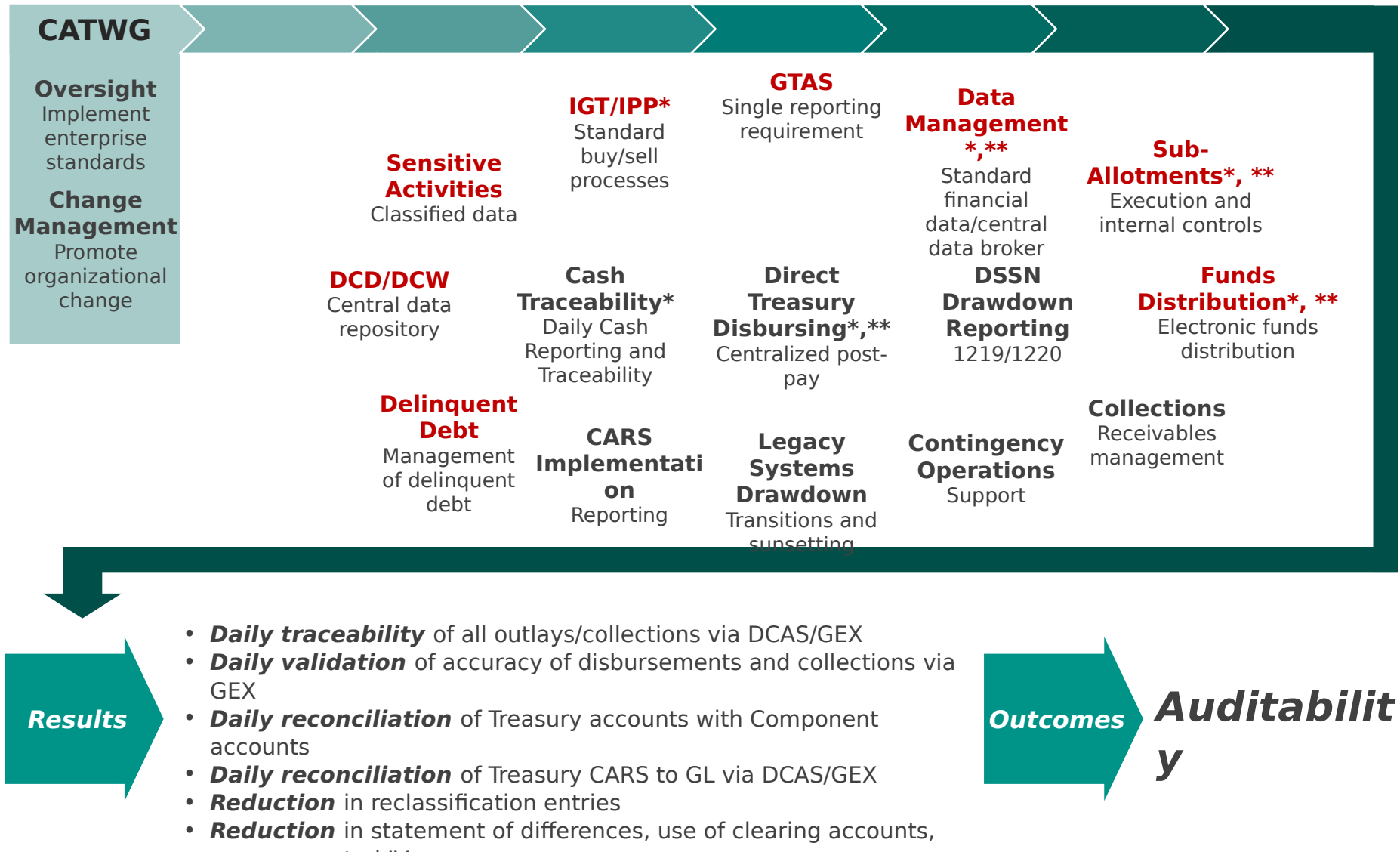
## FBWT

- Treasury Reports
- Statement of Accountability (SOA)/ Statement of Transactions (SOT)
- Year Closing Statement

Problem	Impact	Initiatives	Accountability & Reconciliation	Data Management	Drawdown Plan	Disbursement of DSSN Payment & Collections	GTAS Project	IPP Project	Disbursing Project
In-Transits	\$8.8 Billion*		🔧	🔧	🔧	🔧		🔧	🔧
Undistributed	\$3.3 Billion*		🔧	🔧	🔧	🔧	🔧		🔧
Unsupported Accounting Entries	\$149.95 Billion*		🔧	🔧				🔧	🔧



# FBWT Initiatives – CATWG Monitoring



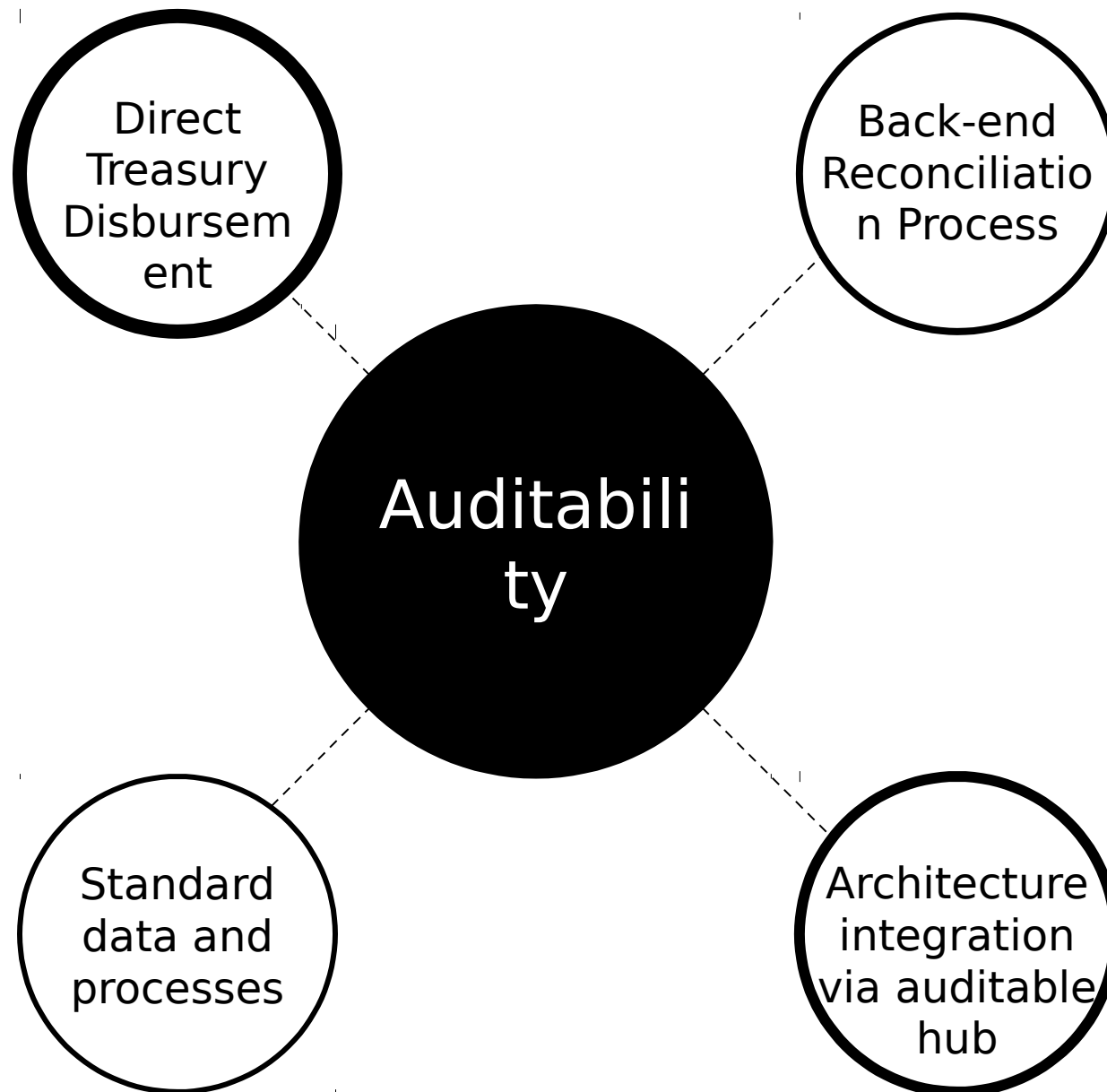
■ Existing Working Group

\* Initiative directly relates to Audit Readiness, Daily Funds Balance w/Treasury (FBWT)/Cash Balancing Goals

\*\* Initiative directly relates to Audit Readiness & Strength of Financial Controls Monitoring (FBWT) Goals



# Alignment of Efforts





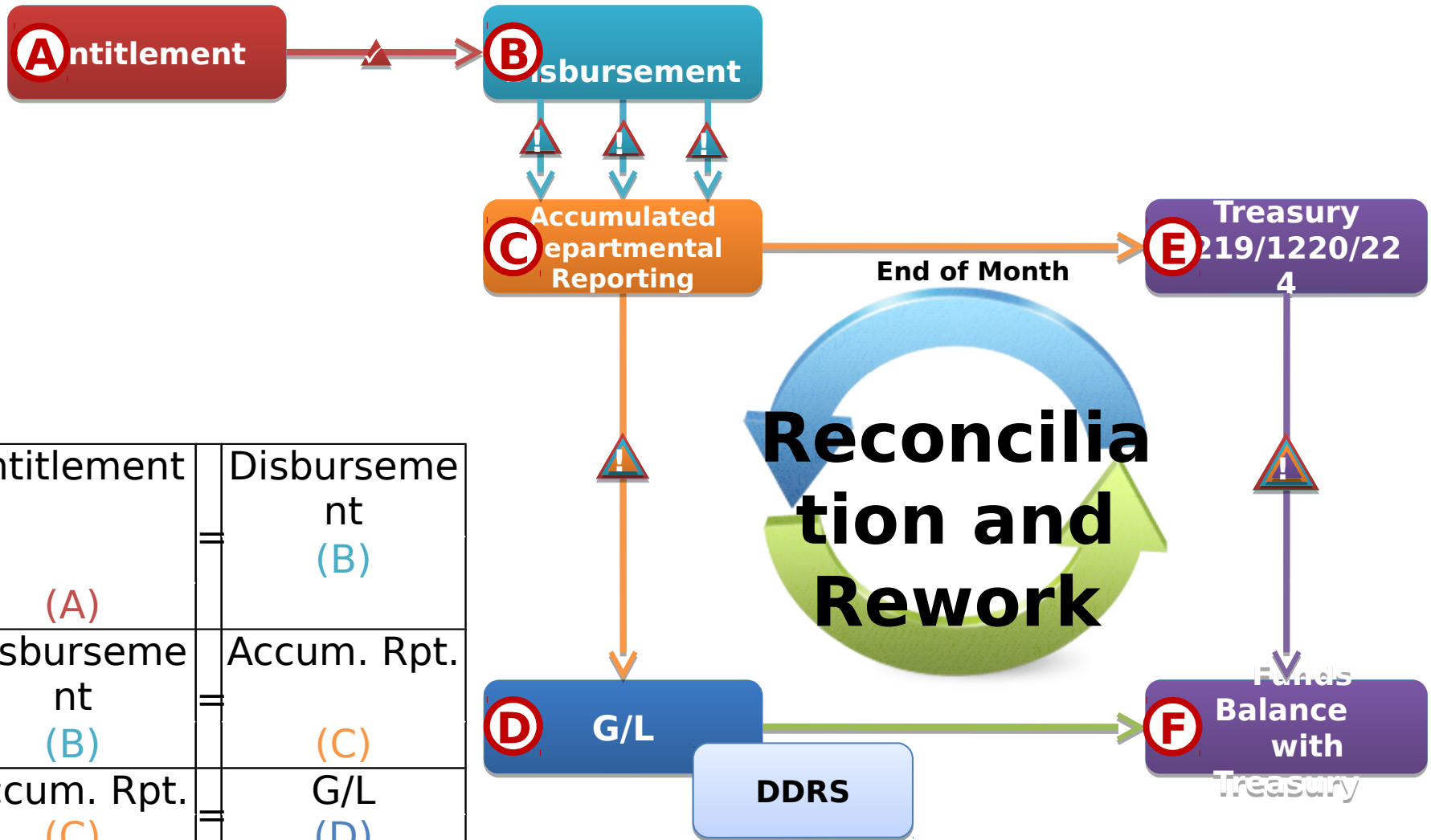
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# Daily Reporting & Reconciliation

Mary Kemp, OUSD(C) BIO  
March 5, 2015



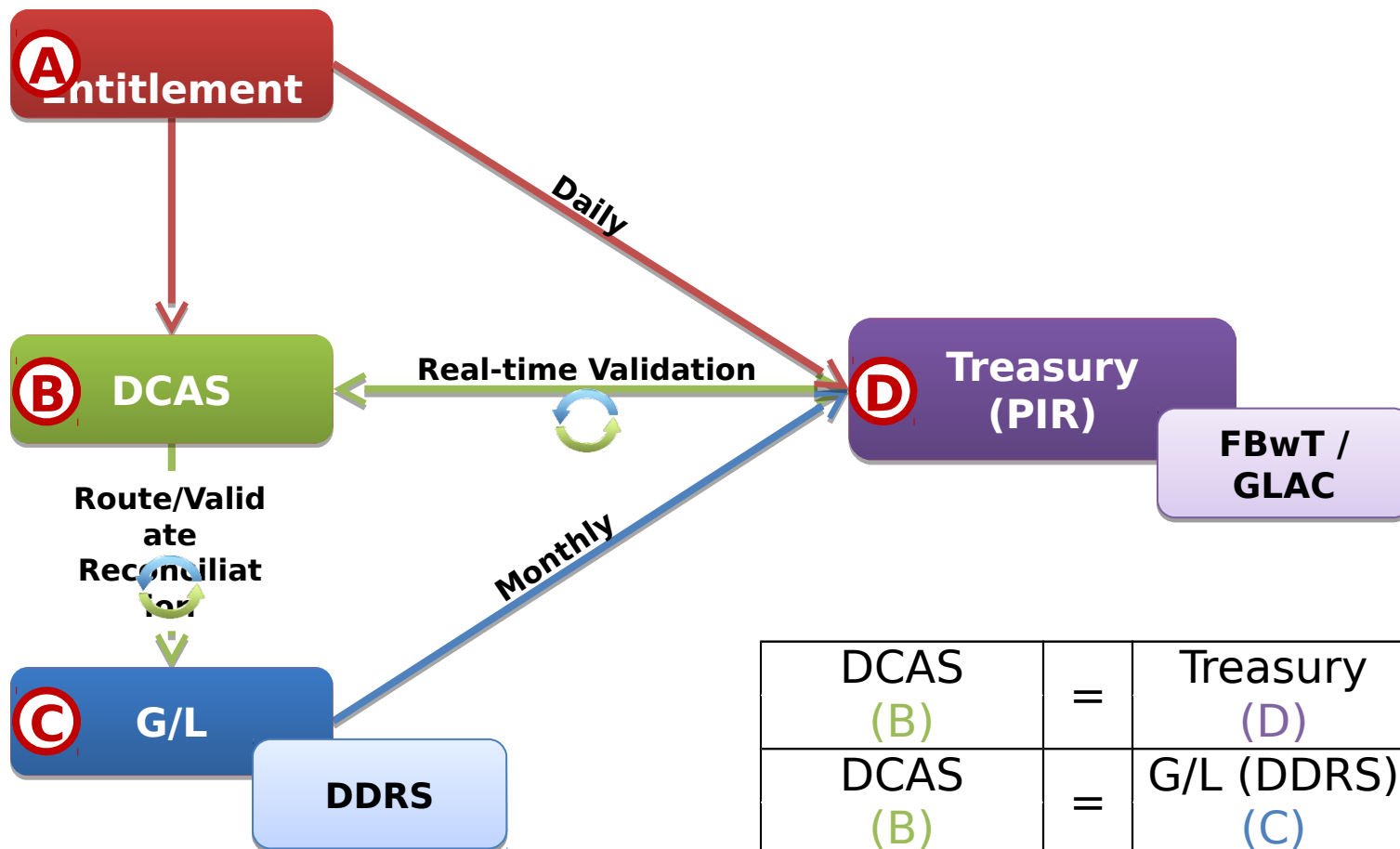
# As-Is



Entitlement	=	Disbursement (B)
(A)		
Disbursement	=	Accum. Rpt.
(B)		(C)
Accum. Rpt.	=	G/L
(C)		(D)
G/L	=	Treasury
(D)		(E)
Treasury	=	FB w/ T



# To-Be: High Level

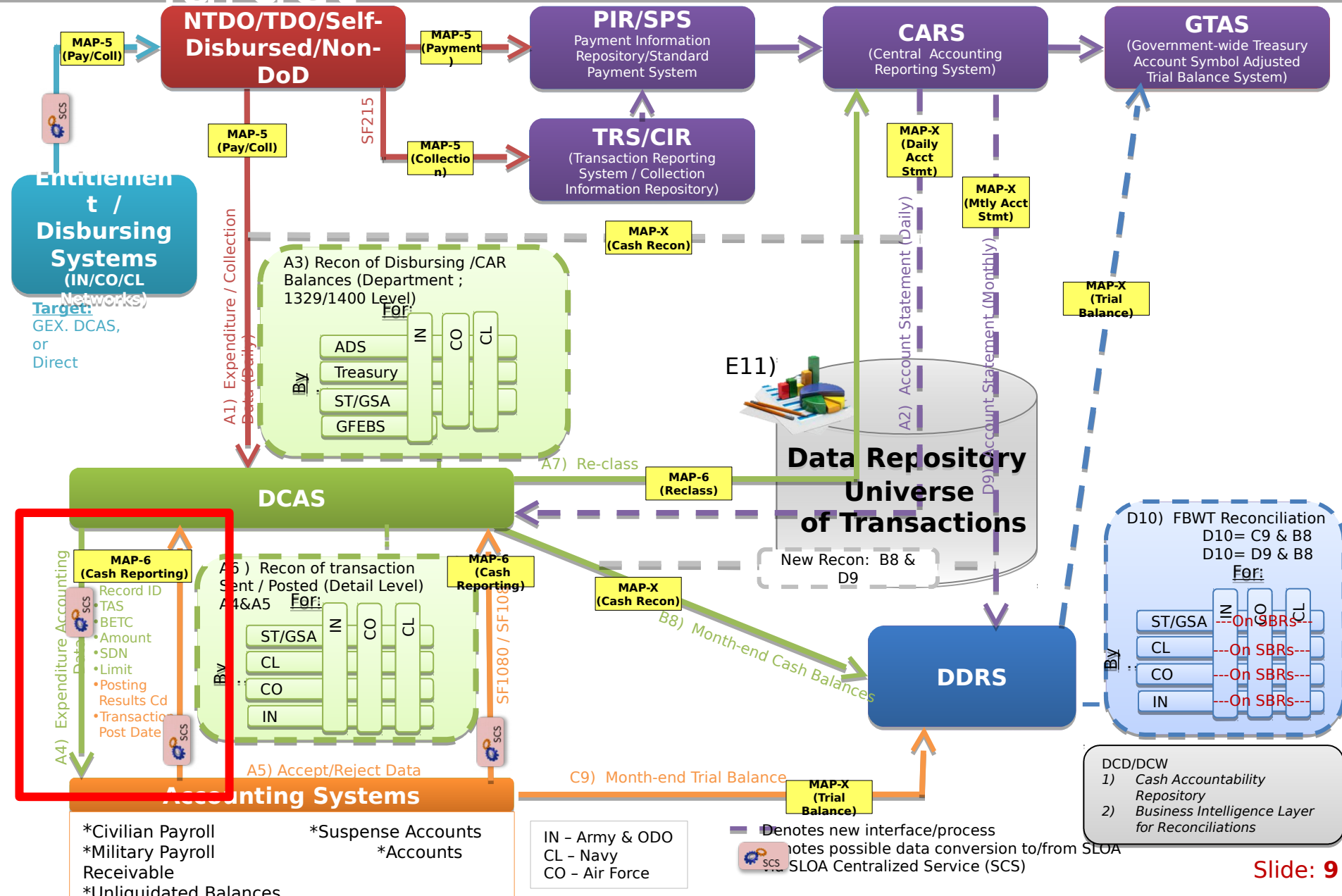


DCAS (B)	=	Treasury (D)
DCAS (B)	=	G/L (DDRS) (C)
G/L (C)	=	Treasury (D)





# Cash Accountability: Notional Target





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# **TDO Planning**

Mary Kemp, OUSD(C) BIO  
March 5, 2015



# Target: Migration to TDO

**Goal:** *Transition DoD to Treasury Disbursed Organization*

## ***Treasury Disbursed***

### ***PILOTS (FY 15 & 16)***

- Army GFEBS
- Joint Chiefs
- WHS (3d Qtr FY15)
- DLA ) FY 16

### ***FULL IMPLEMENTATION STRATEGY:***

- ✓ Assessible Unit Driven
    - Military Pay
    - Civilian Pay
    - Contract & Vendor Pay
- 80% of DoD Outlays



# IMPROVING DOD'S INTER/INTRA- GOVERNMENTAL FINANCIAL REPORTING

Phase 1 – Campaign Plan

Phase 2 – Implementation of  
GT&C



# Why is IGT a material weakness?



Out of balance



# Why is IGT a material weakness?

Decentralized

Incompatible  
Systems



Worldwide

Lack of Standards

High Volumes



# DoD Challenges and Requirements

Challenge	Requirement
Lack of documentation for audit	Provide for a data warehouse of intra-governmental transactions for audit, research and analysis
Buyer and seller transactions and accounting are out of balance, unable to reconcile (in part, due to lack of common identifier)	Need common identifier to synchronize buyer and seller accounting transactions (including proper general ledger treatment) using clearing house methodology
Proof of receipt and acceptance	Require appropriate users to record receipt and acceptance, preserve for audit
Buyer and seller not in full agreement on terms and detail transactions	Automate handshake and agreement between buyer and seller before settlement (reduces chargebacks)
Prompt response to audit findings	Need affordable and rapidly delivered solution to meet DoD audit readiness campaign plan
Lack of visibility of current status of Interagency Agreement (IAA) including remaining period of performance, available funding, unfilled orders, filled orders and paid orders	Must preserve association and provide a common identifier for all transaction components throughout life cycle of agreement, and provide a consolidated view of the information
DoD transaction volumes and diverse systems	Must handle DoD volume and interface with DoD systems using DoD Global Exchange (GEX) solution and Standard Line of Accounting (SLOA)



# Invoice Processing Platform



- Enabling “controlled” E2E IGT transactions
- Reengineering the IGT business process
- Leveraging Treasury’s shared service

## Systems & Business Controls





# DoD Areas of Focus

**Data  
Requirements**

**Standards  
& Policy**

**Metrics**

**Change  
Management**

**It's all Important!**



# Project Charter and August 5, 2013 Memo

## PROJECT CHARTER

### Department of Defense (DoD) Invoice Processing Platform (IPP) Intra-Governmental (IGT) - Charter



Prepared By: Bureau of the Fiscal Service (FS)

Date: July 15, 2013

Abstract: This document describes the background, objectives, scope, and potential risks for the Intra-Governmental (IGT) Invoice Processing Platform (IPP) implementation project for the Department of Defense (DoD). It is the primary output of the Planning Definition phase for this project, and should be updated to reflect new information developed during the project planning phase.



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

AUG 5 2013

MEMORANDUM FOR: DEPUTY ASSISTANT SECRETARIES OF THE MILITARY  
DEPARTMENTS (FINANCIAL OPERATIONS)  
COMPTROLLERS/CHIEF FINANCIAL OFFICERS OF THE  
DEFENSE AGENCIES  
COMPTROLLERS/CHIEF FINANCIAL OFFICERS OF THE  
DOD FIELD ACTIVITIES

SUBJECT: Implementation of the Invoice Processing Platform for Buy/Sell Reimbursable  
Transactions

The Department of Defense (DoD) and Department of the Treasury (Treasury) are partnering closely to implement Treasury's automated Invoice Processing Platform (IPP) system to manage the entirety of DoD's inter- and intra-governmental transactions (IGT). IPP will serve as DoD's single core system to broker IGT transactions as well as the single repository for IGT documentation in DoD. This will strengthen management and accountability for nearly \$273 billion in IGT business.

To guide this implementation, which will include a series of business process changes, I am establishing a DoD-wide chartered IPP governance board. Through this board the Office of the Under Secretary of Defense (Comptroller), Business Integration Office (BIO), will lead IPP implementation efforts in coordination with the Department of the Navy acting as DoD's executive agent.

All components should name a representative to the IPP governance board within 60 days of the date of this memo. Representatives should rank at the GS-15 level or above and be knowledgeable in the IGT end-to-end business process. Component representatives will develop the governance board charter, to be published within 90 days of the date of this memo. The charter will establish a governance structure for the planning and implementation of IPP throughout DoD. It will also document the Navy's executive agent authority, to include overseeing and reporting on the planning and execution of component execution plans, as well as co-chairing the governance board with BIO. Starting in Quarter 2, Fiscal Year 2014, BIO will document IPP implementation progress as part of the Strategic Management Plan monthly metrics report.

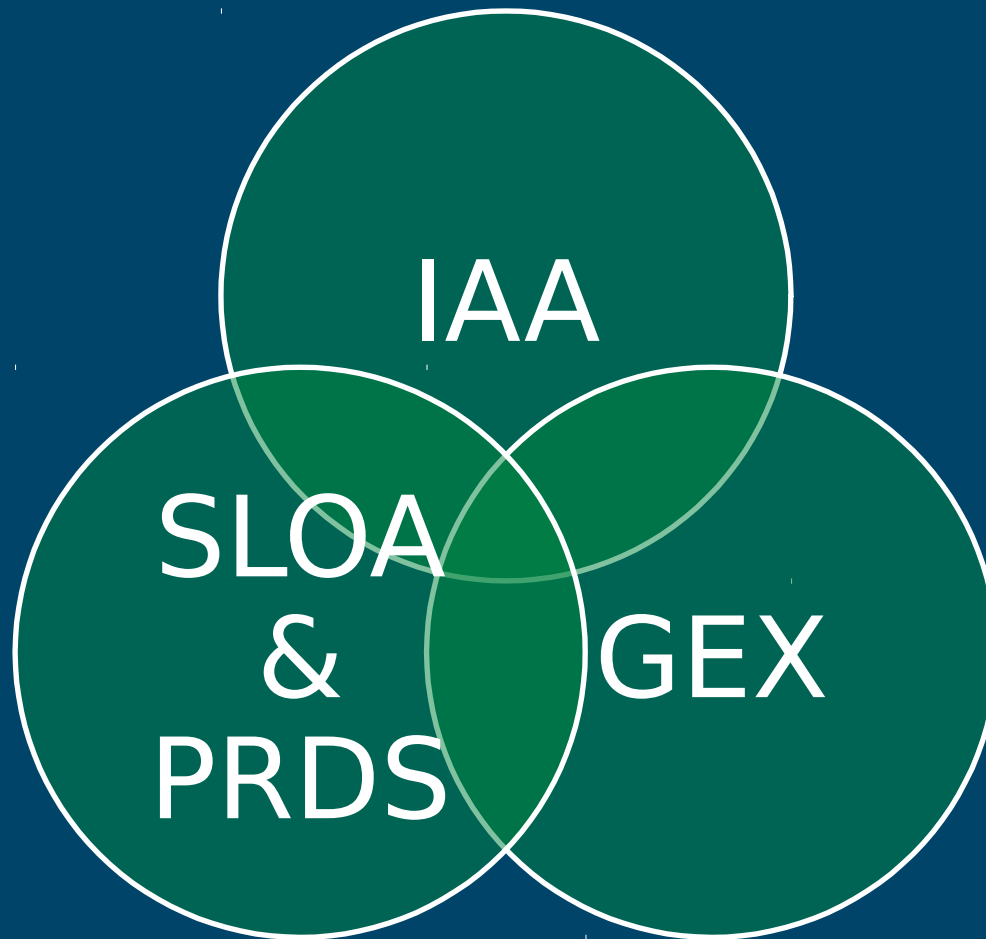
I ask for your commitment to this key DoD initiative that will support our audit efforts and address a critical area impacting the management of our IGT business. My point of contact in BIO is Ms. Mary Kemp, available at [mary.kemp12.civ@gmail.com](mailto:mary.kemp12.civ@gmail.com) or (703) 697-6503. More information on Treasury's IPP tool can be found at <https://www.ipp.gov/about-ipp/index.htm>.

Mark E. Easton  
Deputy Chief Financial Officer

## POLICY MANDATES

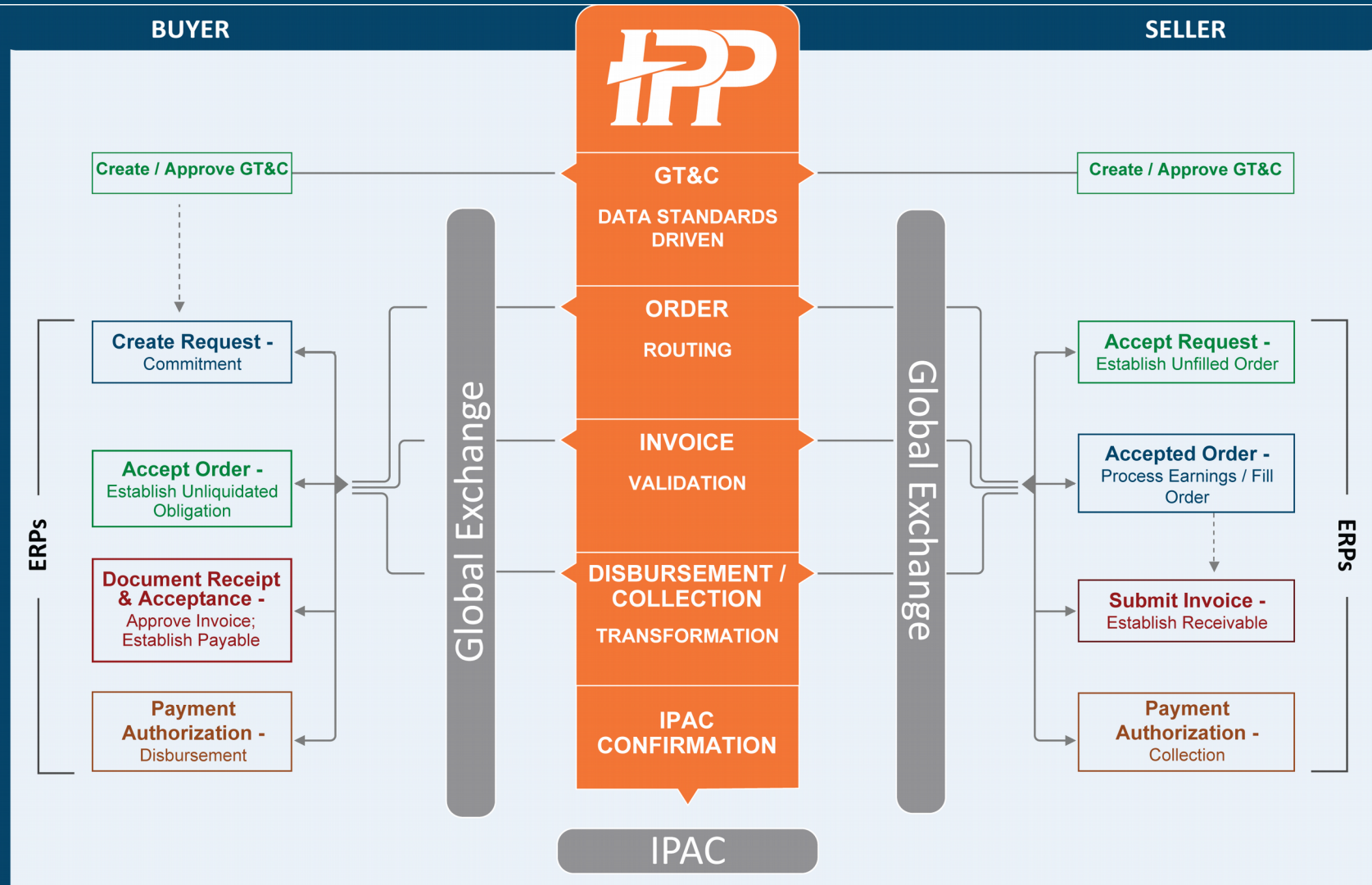


# Key Enablers to Success





# To-Be Environment





# Key PROCESS CHANGES

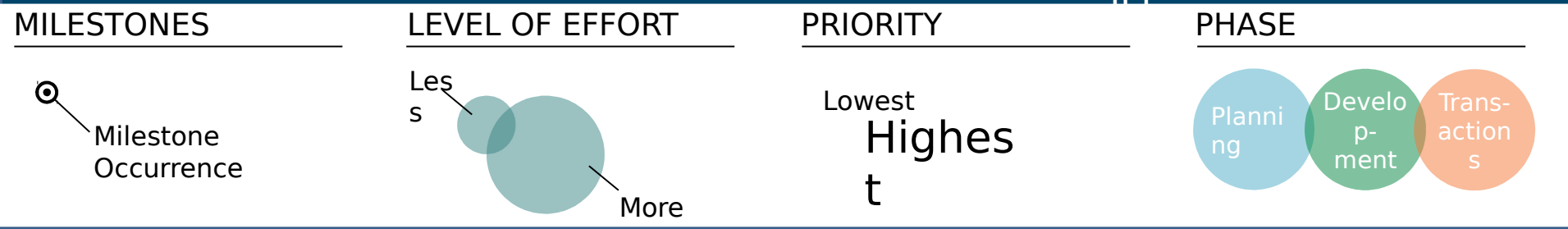
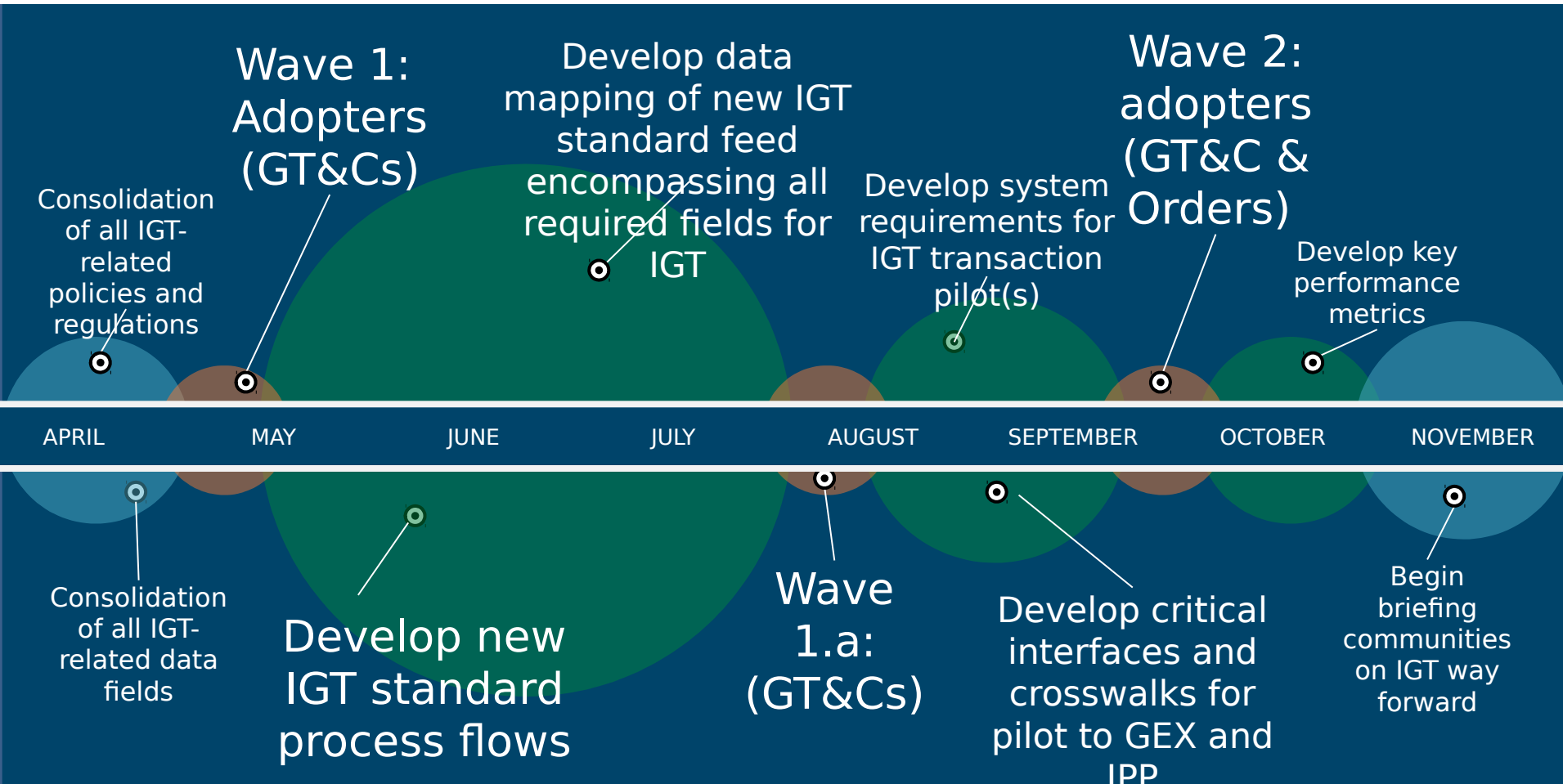
- ✓ Support Agreement Role in IGT

- ✓ Documented Performance & Receipt

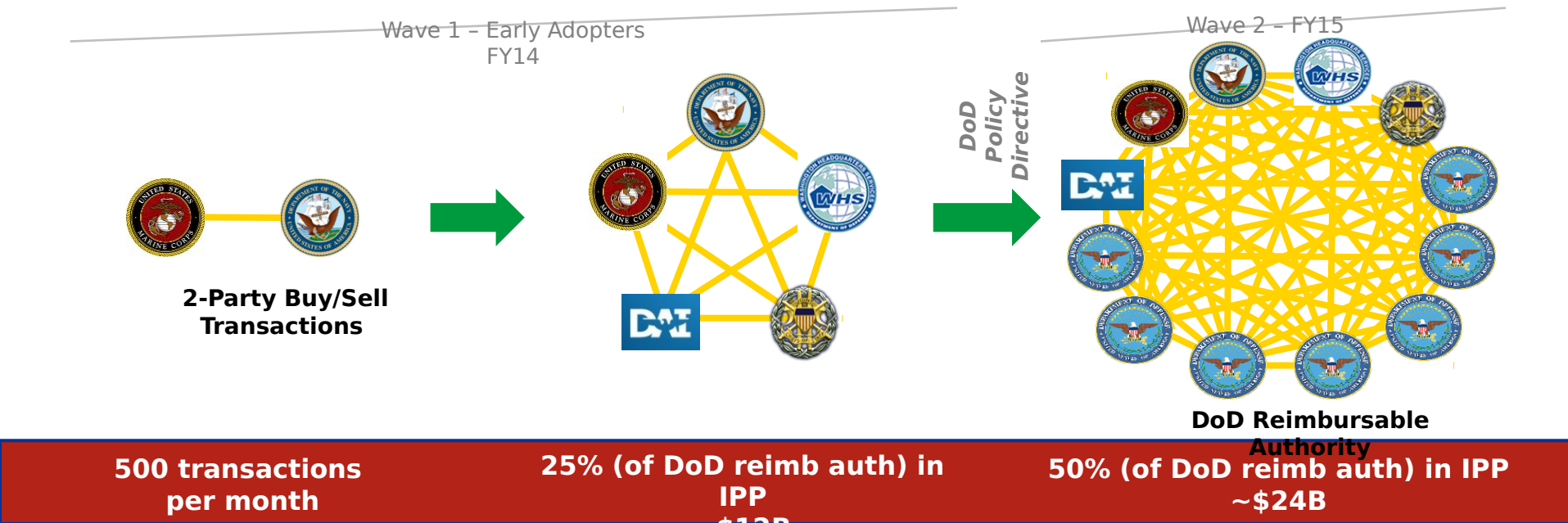
- ✓ IPAC Pay & CHasse



# Where We're Headed



# Adoption - IPP becomes more valuable with increased use



## FY 15 Target: 50 % of Reimb Authority reflected in IPP as GT&C

- Early adopters critical to informing requirement gaps, defining change management activity
  - IPP “value” increases with each new connection/adopter
  - Outcomes from early adopters :
    - Develop implementation guide to direct the process for future “connections”
    - Document unique trading partner requirements
    - Aid OJT desktop guide development



# Mary L. Kemp



Mary L. Kemp is lead accountant in the Business Integration Office, Office of the Under Secretary of Defense (Comptroller). She has 30+ years of service as an auditor, budget analyst, accountant, and systems analyst with Department of the Army, Defense Finance and Accounting Service and OUSD(C). She is a past president of ASMC's CNY Leatherstocking Chapter, a Lean 6 Sigma Green Belt, Certified Defense Financial Manager, and DoD Financial Management Level 3 certified. She is currently pursuing her Master's Degree at National Defense University.





# Michael Bolin



Michael Bolin is a veteran of the United States Army (Active Duty), having served ten years. He worked for JP Morgan Chase for one year and has been with Department of Treasury's Bureau of the Fiscal Service for eight years. Mr. Bolin served as the EagleCash Program Manager, leading the roll out of the system to numerous deployed areas overseas. He currently heads Treasury's IPP Intra-governmental deployment effort as the Program Manager, working closely with DoD. He has a Bachelor's degree in business from Villanova University and is finishing an MBA/MPP from the University of Maryland College Park. Mr. Bolin also holds a PMP<sup>25</sup> certification.